



OFFICE OF RACIAL EQUITY AND SOCIAL JUSTICE

Marc Elrich
County Executive


Tiffany Ward
Director and Chief Equity Officer

MEMORANDUM

September 8, 2022

To: Jennifer Bryant, Director
Office of Management and Budget

cc: Gabe Albornoz, President
County Council

From: Tiffany Ward, Director
Office of Racial Equity and Social Justice 

Re: Racial Equity Impact Assessment (REIA) for Supplemental Appropriation (SA) #23-13
FY23 Capital Budget Cost Sharing MCG CIP No. 720601

- I. **FINDING:** The Office of Racial Equity and Social Justice (ORESJ)'s finding about Supplemental Appropriation #23-13 is inconclusive. Given that the primary beneficiaries of the capital investment are likely to be residents of color, Latino residents, large percentages of whom are undocumented, many of whom face barriers to employment, this capital investment could help reduce racial disparities in employment and income. However, since reductions in these disparities will depend on the design and implementation of CASA's service offerings—which are not funded under this Supplemental Appropriation—ORESJ cannot determine overall racial equity impacts. At the end of this racial equity impact assessment (REIA) ORESJ provides resources for the County to consider in its future funding of and partnerships with local non-profits.
- II. **BACKGROUND:** The purpose of Supplemental Appropriation #23-13 is to fund the renovation of the former Montgomery County Animal Shelter (at 14645 Rothgeb Drive, Rockville, MD) for use as a workforce development training center leased and operated by CASA, Inc. (CASA). CASA is an immigrant advocacy member organization and provides a range of programs and “supports necessary for full participation in society”¹. Related to

¹ CASA. Programs in Maryland. Available at: <https://wearecasa.org/programs-in-maryland/>

workforce development it offers vocational training for a range of occupations and industries². Because this Supplemental Appropriation is focused on funding the redevelopment of a County property and not on the operation of the CASA workforce development training center, this REIA will focus on the kinds of support local governments can offer as non-profit funders and how that support relates to inequities in non-profit finance that tend to limit the growth of smaller non-profits led by or serving people of color. This REIA will not focus on the extent to which the proposed workforce development offerings support a reduction in racial disparities related to employment, wages, and other economic indicators of well-being.

Historical and current policies and practices have resulted in deep economic inequality and racially inequitable distribution of wealth in the US, culminating in the racial wealth gap³. The consequences of the racial wealth gap are evident in racial disparities that characterize many aspects of society—housing cost burden, homeownership rates, student loan debt, entrepreneurship, etc. These disparities—given their structural nature—also characterize the field of philanthropy and its funding practices. Even before the Covid-19 pandemic, analysts, advocates, and researchers were sounding alarm bells about a phenomenon called “Philanthropic Redlining”⁴ and the documented biases that make charitable giving an “inherently insufficient means of seeking racially equitable outcomes”⁵. The following data points are evidence of philanthropic redlining:

- Black Americans make up approximately 13% of the population; however, only around one percent of funding from philanthropic foundations goes Black communities⁶.
- The Latino population is approximately 18.7 % of the US population⁷, but less than 1.3% of philanthropic dollars are directly invested in Latino-based organizations⁸.

² CASA. Vocational Training in Maryland. Available at: <https://wearecasa.org/vocational-training-maryland/>

³ William Darity Jr., Darrick Hamilton, Mark Paul, Alan Aja, Anne Price, Antonio Moore, and Caterina Chiopris. Samuel DuBois Cook Center on Social Equity Insight Center for Community Economic Development. “What we get wrong about closing the racial wealth gap”. April 2018. Available at: <https://socialequity.duke.edu/wp-content/uploads/2019/10/what-we-get-wrong.pdf>

⁴ HENRY KOENIG STONE. “A HARD LOOK AT PHILANTHROPIC REDLINING”. Unbound: The Intersections of Faith and Justice. February 23, 2019. Available at: <https://justiceunbound.org/philanthropic-redlining/> and Maya Crowden. “Redlining Reimagined: Inequities In America’s Nonprofit Sector”. The Marcus Harris Foundation. March 16, 2021. Available at: <https://marcusharrisfoundation.org/blog/f/redlining-reimagined-inequities-in-america%E2%80%99s-nonprofit-sector>

⁵ HENRY KOENIG STONE. <https://justiceunbound.org/philanthropic-redlining/>

⁶ Maya Crowden.

⁷ NICHOLAS JONES, RACHEL MARKS, ROBERTO RAMIREZ, MERARYS RÍOS-VARGAS. 2020 Census Illuminates Racial and Ethnic Composition of the Country. August 12, 2021. Available at: <https://www.census.gov/library/stories/2021/08/improved-race-ethnicity-measures-reveal-united-states-population-much-more-multiracial.html#:~:text=The%20Hispanic%20or%20Latino%20population,origin%20grew%204.3%25%20since%202010.2/#:~:text=According%20to%20the%20latest%20report,explicitly%20designated%20for%20Latino%20programs.>

⁸ Latino Community Foundation. 2015. Available at: <https://latinocf.org/289-2/#:~:text=According%20to%20the%20latest%20report,explicitly%20designated%20for%20Latino%20programs.>

- 76 percent of white-led organizations received Paycheck Protection Program loans, compared with 58 percent of Black-led nonprofits. Among those that applied for loans, 99 percent of White-led organizations were approved, compared with 90 percent of Black-led organizations⁹.
- Unrestricted assets, which often can signal donors' trust in an organization, are around 76 percent smaller for black-led organizations than their white-led counterparts
- According to the Nonprofit Finance Fund 2022 Survey, achieving long-term financial sustainability is the most cited financial challenge across respondents. 82% of BIPOC-led organizations reported this as a top need, as did 69% of white-led organizations¹⁰.

Taken together, these data points highlight the need for an explicit racial equity strategy within philanthropic giving and local non-profit financial support (including grants and contracts provided by local government).

With available information, ORESJ is unable to analyze the extent to which these instances of philanthropic redlining characterize CASA's experience in the County, particularly within the larger context of the county's overall financial support to local non-profits. In addition, given that the primary beneficiaries of this capital investment are likely to be residents of color, Latino residents, large percentages of whom are undocumented, many of whom face barriers to employment, it's possible that this supplemental appropriation could help to reduce disparities in employment and income. However, since reducing these disparities will depend on the design and implementation of CASA's workforce development offerings—which is not funded under this Supplemental Appropriation—ORESJ is unable to determine overall racial equity impacts.

ORESJ suggests that future funding of non-profit entities in the County (whether for capital or operating expenses) take into consideration practices highlighted in the Nonprofit Finance Fund 2022 Survey¹¹ and a report by Echoing Green and The Bridgespan Group called *Racial Equity in Philanthropy: Disparities in Funding for Leaders of Color Leave Impact on the Table*¹². Consulting such resources will help the County's funding decisions intentionally

⁹ The Chronicle of Philanthropy. "Deep Disparities Persist in Finances of Nonprofits Led by White People and People of Color". June 9, 2022. Available at:

<https://givingcompass.org/article/deep-disparities-persist-in-finances-of-nonprofits-led-by-white-people-and-people-of-color>

¹⁰ The Nonprofit Finance Fund. "2022 Survey: A Focus on Racial Equity". Available at: <https://nff.org/2022-survey-focus-racial-equity>

¹¹ The Nonprofit Finance Fund.

¹² Cheryl Dorsey, Jeff Bradach, and Peter Kim. Echoing Green and The Bridgespan Group. Racial Equity and Philanthropy: Disparities in Funding for Leaders of Color Leave Impact on the Table. May 2020. Available at:

<https://www.bridgespan.org/bridgespan/Images/articles/racial-equity-and-philanthropy/racial-equity-and-philanthropy.pdf> and Echoing Green. BARRIERS TO CAPITAL AND RACIAL EQUITY IN PHILANTHROPY. May 19, 2020. Available at: <https://echoinggreen.org/news/barriers-to-capital-and-racial-equity-in-philanthropy/>

focus on reducing racial disparities and inequities in non-profit financing and across population-level indicators of well-being.

cc: Ken Hartman, Director, Office of Strategic Partnership, Office of the County Executive